

NEW YORK TIMES

25 July 1981

NEW-YORK TIMES (FIELD NEWS SERVICE)

WASHINGTON - REPUBLICAN CONGRESSIONAL SUPPORT FOR EMBATTLED CIA DIRECTOR WILLIAM J. CASEY CONTINUES TO ERODE; AND THE WHITE HOUSE HAS ADOPTED A COOL; WAIT-AND-SEE ATTITUDE TOWARD THE OUTCOME OF ONE OF THE BIGGEST INTERNAL CONTROVERSIES YET TO GRIP THE REAGAN ADMINISTRATION.

REAGAN ISSUED A STATEMENT FRIDAY PLEDGING FULL COOPERATION WITH A SENATE INVESTIGATION OF CASEY AND SAID HE HAD "NOT CHANGED MY MIND" ABOUT SUPPORTING HIM.

HOWEVER, THE WHITE HOUSE ACKNOWLEDGED THAT REAGAN HAD NOT TALKED WITH CASEY IN RECENT DAYS AND THAT NO LOBBYING EFFORT WAS BEING MOUNTED ON HIS BEHALF IN CONGRESS.

"WE BELIEVE THE PROCESS SHOULD GO FORWARD; AND WE ARE NOT INTERFERING WITH IT," WHITE HOUSE SPOKESMAN DAVID GERGEN SAID. ASKED WHETHER CASEY WOULD "SURVIVE" THE CONTROVERSY, GERGEN CAUTIOUSLY REPLIED: "WE HAVE NO REASON TO BELIEVE HE WILL NOT."

THERE IS CONCERN IN THE WHITE HOUSE THAT ANY PROLONGED CONTROVERSY OVER CASEY COULD DISTRACT THE WHITE HOUSE FROM PASSAGE OF ITS ECONOMIC AND TAX INITIATIVES; AND UNDERCUT SUPPORT FOR THEM.

"OBVIOUSLY, IT'S IN EVERYONE'S INTEREST THAT THIS MATTER BE WRAPPED UP AS SOON AS POSSIBLE," GERGEN SAID.

CASEY HIMSELF ISSUED A STATEMENT; HOWEVER, VOWING TO REMAIN IN HIS POST AND DELIVER MATERIALS TO THE SENATE INTELLIGENCE COMMITTEE MONDAY THAT "WILL LAY THIS ENTIRE CONTROVERSY (OVER ALLEGED IMPROPER PAST BUSINESS DEALINGS) TO REST."

THE COMMITTEE WILL MEET IN CLOSED SESSION AT 9 A.M. TUESDAY TO DETERMINE HOW TO PROCEED ON ITS CASEY INQUIRY.

BUT SUPPORT FOR HIM SLIPPED AS ASSISTANT SENATE REPUBLICAN LEADER TED STEVENS URGED CASEY TO RESIGN; CONTENDING HE COULD NOT NOW RESTORE THE ONCE-TARNISHED AND DEMORALIZED CIA TO A PROPER FOOTING. THE CIA WAS SHAKEN IN THE 1970s BY SCANDALS OVER DOMESTIC SPYING AND ALLEGED PLOTS TO ASSASSINATE FOREIGN LEADERS.

STEVENS SAID THERE WERE A NUMBER OF TROUBLING "MATTERS OF JUDGMENT" INVOLVING CASEY; AND HE SAID HE SAW A BIPARTISAN DESIRE IN THE INTELLIGENCE COMMITTEE FOR CASEY TO QUIT.

IN ADDITION, SEN. WILLIAM ROTH (R-DEL.); A MEMBER OF THE INTELLIGENCE PANEL; ALSO CALLED FOR CASEY'S RESIGNATION; SAYING IT IS NOW "IMPOSSIBLE FOR MR. CASEY TO EFFECTIVELY DISCHARGE HIS DUTIES. HE SHOULD GO - NOW."

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SEN. DANIEL PATRICK MOYNIHAN (D-N.Y.); RANKING DEMOCRAT ON THE INTELLIGENCE COMMITTEE; DID NOT DEMAND A CASEY RESIGNATION; BUT SAID IF ALLEGATIONS AGAINST HIM ARE REVEALED TO BE TRUE; IT WOULD PROVE "CALAMITOUS." AND A SPOKESMAN FOR SEN. JOSEPH BIDEN (D-DEL.); ALSO A MEMBER OF THE COMMITTEE; SAID "THERE IS NO WAY CASEY CAN OR SHOULD REMAIN AS DIRECTOR..."

THE FLURRY OF SENATE REACTION CAME A DAY AFTER SEN. BARRY GOLDWATER (R-ARIZ.); CHAIRMAN OF THE INTELLIGENCE COMMITTEE; SAID CASEY SHOULD RESIGN BECAUSE MAX HUGEL; HIS OUSTED CLANDESTINE SERVICE CHIEF; WAS UNQUALIFIED AND HAD TO QUIT BECAUSE OF A FINANCIAL SCANDAL.

SENATE REPUBLICAN LEADER HOWARD BAKER (R-TENN.) CALLED THE CASEY SITUATION A "SERIOUS AFFAIR;" AND SAID HE WOULD BACK GOLDWATER IN WHATEVER HE DECIDED TO DO ABOUT CASEY.

IN HIS STATEMENT; RELEASED AT CIA HEADQUARTERS; CASEY SAID GOLDWATER HAD BEEN PROVIDED WITH "INACCURATE INFORMATION; WHICH WAS REFLECTED IN HIS STATEMENT (CALLING FOR CASEY'S OUSTER)."

CASEY'S APPOINTMENT OF HUGEL HAD AROUSED OPPOSITION ON CAPITOL HILL; AS WELL AS WITHIN THE WHITE HOUSE; AND THE INTELLIGENCE COMMITTEE IS LOOKING INTO HOW HUGEL RECEIVED SPEEDY CLEARANCE FOR HIS APPOINTMENT WITHIN THE CIA; AS WELL AS INTO CASEY'S FINANCIAL BACKGROUND.

CASEY BUSINESS DEALINGS UNDER REVIEW INCLUDE HIS ROLE IN MULTIPONICS; A LARGE FARMING OPERATION THAT WENT BANKRUPT IN 1971 AND HAS BEEN THE SUBJECT IN THE LAST YEAR OF TWO ADVERSE COURT RULINGS. BOTH RULINGS WERE CRITICAL OF MULTIPONICS OFFICIALS; INCLUDING CASEY; FOR ALLEGEDLY MISLEADING INVESTORS.

CASEY SAID IN HIS STATEMENT THAT "ALLEGATIONS THAT I MADE \$750,000 FROM MY INVESTMENTS IN MULTIPONICS IS ABSOLUTELY FALSE. IN FACT; I LOST MY INVESTMENT..."

THERE APPEARS TO BE SUBSTANTIAL SUPPORT ON CAPITOL HILL FOR APPOINTING DEPUTY CIA DIRECTOR BOBBY INMAN; A PROFESSIONAL INTELLIGENCE BUREAUCRAT; TO THE TOP POST IF CASEY IS FORCED OUT. ONE SOURCE CLOSE TO THE INTELLIGENCE AGENCY SAID; HOWEVER; THAT SOME GOVERNMENT OFFICIALS HAVE RESERVATIONS ABOUT SEEING CASEY FORCED OUT.

"THE PROBLEM (WITH FORCING OUT CASEY) IS NOT THAT HE IS INDISPENSABLE TO THE CIA; BUT THAT THE REAGAN ADMINISTRATION IS THIN AT THE TOP ON FOREIGN POLICY; AND CASEY; WHO HAS READY ACCESS TO THE PRESIDENT; HAS A SOPHISTICATED PERSPECTIVE; AN ABILITY TO TAKE THE LONG VIEW; ON SOME IMPORTANT FOREIGN POLICY ISSUES;" THE SOURCE SAID.

END

NYT-07-25-81 0129EDT

Senators Urge Resignation

By JUDITH MILLER

Special to The New York Times

WASHINGTON, July 24 — Republicans and Democrats on the Senate Select Committee on Intelligence joined their chairman, Senator Barry Goldwater, Republican of Arizona, in suggesting today that William J. Casey resign his post as Director of Central Intelligence.

In response to what one White House aide called "an apparent crumbling of support" for Mr. Casey, President Reagan issued a terse statement expressing support for his former campaign chairman but noting that his staff was following developments in the situation.

Denied Several Charges

"We are cooperating fully with the Senate Committee and my staff is following the matter closely," Mr. Reagan said in a statement issued at midday. "As I said earlier today, I have not changed my mind about Bill Casey."

Mr. Casey also issued a strong statement today denying allegations concerning his involvement in a New Orleans agribusiness concern. He also met with committee members and with the Senate majority leader, Howard H. Baker Jr. of Tennessee.

The flurry of meetings and telephone calls between the White House, committee members and Mr. Casey followed an impromptu news conference called by Senator Goldwater late last night. Mr. Goldwater called the conference to deny a report that he had privately urged Mr. Casey to step down but proceeded to tell the reporters that Mr. Casey should consider quitting his post because Max C. Hugel, his former chief of clandestine operations, had been unqualified for the job and was forced to resign because of a financial scandal.

"I believe that the placing of Mr. Hugel in that most sensitive spot was a sufficient mistake to cause Mr. Casey to consider withdrawing himself or the President to ask him," the Senator said.

Mr. Goldwater also said that the committee was investigating "inconsistencies" and discrepancies in Mr. Casey's accounts of his involvement in a the New Orleans concern, Multiponics Inc.

Resigning Would Be 'Wise'

Senator Ted Stevens of Alaska, the assistant Republican leader, said he had talked to members of both the House and Senate intelligence panels and that, on the basis of his conversations, "It is my judgment that Mr. Casey would be wise to accept Mr. Goldwater's advice."

Mr. Stevens said that "additional matters," which he would not discuss, had raised questions about "matters of judgment."

The matters, he added, went beyond Mr. Casey's selection of Mr. Hugel for the sensitive agency post as head of the clandestine services branch.

Senator William V. Roth Jr. of Delaware, a Republican committee member, also issued a statement urging Mr. Casey to resign "for the good of the nation." While the intelligence committee was continuing its investigation of Mr. Casey's financial transactions, he said, "these charges have so damaged Mr. Casey's credibility with the Intelligence Committee that I believe it is impossible for Mr. Casey to effectively discharge his duties. He should go—now."

Concern for Agency

In addition, Senators Joseph R. Biden Jr. of Delaware, and Patrick J. Leahy of Vermont, Democrats on the committee, expressed concern that the allegations surrounding Mr. Casey were demoralizing his agency.

"I hope he's not on the job Monday," Mr. Biden said.

Several senators expressed concern about the calls for Mr. Casey's resignation.

"I've never believed that a person should be tried by innuendo," said Senator Henry M. Jackson, Democrat of Washington, a member of the committee. "There's a need to let Mr. Casey come down here and respond to charges in an appropriate forum."

Paul Laxalt, Republican of Nevada, a close associate of President Reagan, said "In the spirit of fair play, judgment of Bill Casey should be withheld pending appropriate review of the record. In view of his immense contribution to this country over the years, he's certainly entitled to at least that."

A Baker-Casey Talk

Early in the day, Senator Baker told reporters that he would "back up whatever Goldwater decides to do." After a 20-minute meeting with Mr. Casey, however, Mr. Baker called several Republican senators to ask them not to call for Mr. Casey's resignation now.

According to one Senate aide, "Mr. Baker told Mr. Casey that 'he and the White House would have 24 hours to decide what they were going to do.' After that, the aide said, Mr. Baker told them he could not hold back 'mounting pressure to spare the agency from further embarrassment.'"

Today's events made it clear that while the White House remains publicly committed to Mr. Casey, the President's top aides are not sure that there will be no additional damaging disclosures.

White House sources confirmed that both James A. Baker 3d, the chief of staff, and Fred F. Fielding, the counsel, talked with Mr. Casey by telephone today, seeking reassurance from the C.I.A. director that there were no skeletons in his closet. In addition, White House aides have now begun reviewing "raw data" from the Federal Bureau of Investigation, rather than simply reading investigative "summaries" based

'Hard to Shut It Off'

"There's concern about it being a mounting problem, but it's pretty hard to mount a strategy to shut it off," said one White House official. "This will either die out or Casey will go, and I imagine we'll wait through the weekend at least before something happens."

Mr. Reagan "thinks it's something we've got to ride out," the official continued. "No one at this point is ready to force him out, and we're standing by him."

Another senior official said that the White House's main concern was that Mr. Casey's troubles might develop into a protracted controversy at a time when the President is trying to get his economic package passed. "But we're a long way from a Bert Lance situation," the official said, referring to former President Carter's budget director, who resigned after a long investigation into his finances.

The re-examination of Mr. Casey's disclosure forms and the Federal Bureau of Investigation's files have so far turned up only "minor" discrepancies, and Mr. Reagan's advisers regard Mr. Casey's disclosures as full and honest, according to a White House source.

White House Disturbed

The call for Mr. Casey's resignation by Republican Senators was acknowledged to be extremely disturbing to the White House. Mr. Reagan's aides regard that, however, as a manifestation of Senate unhappiness over the Hugel affair and the questions it raised about Mr. Casey's judgment, rather than a reflection of uncertainty about the director's integrity.

Mr. Casey declined to answer questions from reporters as he shuttled between Senate offices, ostensibly to introduce the official responsible for congressional relations.

Intelligence Committee officials said that he did not visit with Senator Goldwater today. Senator Baker said, however, that Mr. Casey had telephoned Mr. Goldwater at 2:30 in the morning. An aide to Mr. Baker described the conversation as "very energetic."

In his statement today, Mr. Casey said: "I sincerely regret that Senator Goldwater was provided with inaccurate information." He denied, for example, that he had received \$750,000 from his investment in Multiponics, asserting that he had lost his investment.

Pressure From Within

Aides to one Republican Senator said the committee members had grown increasingly concerned that the turmoil was damaging President Reagan's effort to restore the C.I.A.'s effectiveness and morale.

Another former intelligence community official said that many at the agency now believed that Mr. Casey should resign his post and that "they are undoubtedly making their views known on the Hill."

Committee spokesmen said that the intelligence committee's report would be ready by Monday and that the committee would meet to discuss the conclusions on Tuesday in a closed meeting.

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ON PAGE A-1THE BALTIMORE SUN
25 July 1981

GOP senators urging Casey to resign as director of CIA

By Curt Matthews
Washington Bureau of The Sun

Washington—The controversy over whether William J. Casey should remain as director of the Central Intelligence Agency deepened yesterday with several Republican senators publicly and privately calling for his resignation.

Mr. Casey issued a statement yesterday indicating he intends to stand his ground against allegations of financial misconduct before he took the helm of the CIA, and President Reagan continued to support his appointee, although in somewhat more cautious terms.

A statement by Mr. Reagan, read at the White House by the chief White House press secretary David A. Gergen, said, "We are cooperating fully with the Senate [intelligence] committee and my staff is following the matter closely. As I said earlier today, I have not changed my mind about Bill Casey."

During a visit to the National Gallery yesterday, Mr. Reagan was asked whether Mr. Casey would have to resign. He responded, "I don't have an answer on that. We still have confidence, and our people will be talking to the senators about that."

In previous statements about the allegations brought against Mr. Casey, the president had been considerably stronger in his support of the CIA director, his former campaign manager. On July 15, after it was disclosed that a federal judge had said Mr. Casey misled investors in directing a firm called Multiponics, Inc., Mr. Reagan expressed "continuing confidence" in the man he named to head the nation's intelligence operation.

The tide of opposition to Mr. Casey's remaining at the CIA rose rapidly yesterday on Capitol Hill following a statement Thursday night by Senator Barry Goldwater (R, Ariz.), chairman of the Select Committee on Intelligence, calling for Mr. Casey's resignation.

Mr. Goldwater based his opposition to Mr. Casey on grounds that he appointed an "inexperienced man," Max Hugel, to be CIA director of operations. Mr. Hugel was forced to resign his job earlier this month when it was disclosed that he, like Mr. Casey, had been involved in questionable stock deals before his accepting a government appointment.

"The damage done by Mr. Hugel's appointment is a sufficient position for Mr. Casey to decide to retire or the president to have him retire," Mr. Goldwater said Thursday.

A much stronger statement came yesterday from Senator William V. Roth Jr. (R, Del.), another member of the intelligence committee. "The good of the nation requires that CIA director William J. Casey resign immediately," Mr. Roth said.

past associations have compromised his ability to effectively serve as head of our nation's intelligence community.

A Democratic member of the intelligence committee, Senator Daniel P. Moynihan of New York, referred to allegations turned up in a committee staff investigation as "calamitous" but cautioned it has not, as yet, been confirmed.

He said the full committee would receive a report by the staff Monday and would meet Tuesday morning to consider its contents.

"I cannot but suppose that this is a matter of immediate and pressing concern to the president," Mr. Moynihan observed.

Senator Ted Stevens (R, Alaska), the majority whip, also called for Mr. Casey's prompt resignation yesterday and Senator Howard H. Baker, Jr., of Tennessee, the majority leader, said he would support whatever decision Mr. Goldwater made in the matter.

Two Democratic members of the intelligence committee, who support Mr. Casey's ouster but for the moment seem content to let their Republican colleagues handle the matter, are Senators Joseph R. Biden, Jr., of Delaware and Patrick J. Leahy, of Vermont. Both have made statements indicating that they think Mr. Casey should resign.

Meanwhile, Mr. Casey issued a formal statement yesterday at CIA headquarters indicating he had every intention of remaining in his job. He said Senator Goldwater and the intelligence committee staff has been provided "inaccurate information" about him and that additional information being delivered to the committee staff "will lay this entire controversy to rest."

At midafternoon, Mr. Casey went to the Executive Office Building across the street from the White House, presumably to discuss his situation with presidential aides, but deputy White House press secretary Larry Speakes said, "He is not seeing the president."

Mr. Speakes said Mr. Casey had called James A. Baker III, Mr. Reagan's chief of staff, and, while he did not relate details

of that conversation, the press spokesman said the CIA chief "is not resigning."

As part of his counteroffensive against the critics, Mr. Casey also toured Senate offices yesterday, including a visit with Senator Baker, the majority leader.

A source close to the committee staff said Mr. Goldwater was "turned around" on the matter of Mr. Casey's fitness for the CIA job either because the committee staff found information suggesting that the agency did a poor job of checking Mr. Hugel's background or that Mr. Casey was not fully honest about his financial dealings during confirmation hearings earlier this year.

"Republicans are almost unanimous now in calling for Mr. Casey's resignation and it's either one of two things," the source said. "Either they feel he was slipshod in the Hugel matter, or that he didn't level with the committee during his confirmation hearings."

One point of dispute that has arisen from Mr. Casey's confirmation hearings is whether he made money on his investment in Multiponics. During the hearings, Mr. Casey said he lost \$150,000, but in calling for him to step down on Thursday, Senator Goldwater indicated there was evidence that Mr. Casey had actually made \$750,000 on his Multiponics investment.

Mr. Casey responded yesterday, "The allegation that I made \$750,000 from my investment is absolutely false."

Last May a federal court in New York ruled that Mr. Casey and other directors knowingly misled potential investors. A federal appeals court ruling in New Orleans last year in another case involving Multiponics, held that the management of the firm directed its operations for their own self-interest rather than the interest of the stockholders.

Also contributing to this article was Gübert A. Lewthwaite.

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ON PAGE 2.

NEW YORK DAILY NEWS
25 July 1981

Senators urging Casey to quit CIA

By JOSEPH VOLZ

Washington (News Bureau)—Bipartisan pressure mounted in the Senate yesterday for the immediate resignation of CIA Director William J. Casey over allegations of questionable business dealings before he joined the Reagan administration, but the embattled Casey vowed he would stay on.

President Reagan told reporters that he still had "full confidence" in Casey, but in a significant move he asked White House chief of staff James Baker to meet with Sen. Barry Goldwater (R-Ariz.), chairman of the Senate Intelligence Committee, to discuss the issue. On Thursday night, Goldwater publicly demanded Casey's resignation.

Senate Republican Whip Ted Stevens of Alaska yesterday joined Goldwater and two other members of the Intelligence Committee, Republican William V. Roth of Delaware and Democrat Patrick J. Leahy of Vermont, in demanding Casey's ouster.

They said questions about his business dealings had destroyed his credibility with the Intelligence Committee, which oversees CIA activities.

Goldwater's main complaint against Casey involved apparent "inconsistencies" in Casey's own account of his role in the affairs of a now-defunct New Orleans company, Multiponics Inc. Casey had claimed he lost \$150,000 in the Multiponics venture, but Goldwater said Senate investigators found that Casey actually made \$750,000.

CASEY, IN A statement from his office, said Goldwater "was provided with inaccurate information. The allegation that I made \$750,000 is absolutely false. In fact, I lost my investment, and materials being submitted to the committee will substantiate that fact."

"I look forward to a continued close and productive relationship with Sen. Goldwater as we work together in the months ahead to strengthen this coun-

try's intelligence capability," Casey said.

Casey made an unannounced, after-hours visit to Capitol Hill Thursday night, seeking support from the Senate panel, but the journey was unsuccessful and it now appears that a majority of the committee's members believe he should quit to save the administration further embarrassment.

Senate Majority Leader Howard H. Baker (R-Tenn.) stopped short of publicly calling for Casey's resignation, but he said, "I want to back up Sen. Goldwater in whatever he decides to do."

Goldwater has been quietly suggesting to fellow Intelligence Committee members in the last week that Casey's time is up and yesterday both Roth and Leahy reacted publicly.

ROTH CALLED THE CIA job the "most sensitive in government next to the presidency itself," and said Casey must "resign immediately for the good of the nation."

Roth said charges that Casey misled investors in several of his companies "have so damaged Mr. Casey's credibility with the Intelligence Committee that it is impossible for Mr. Casey to effectively discharge his duties."

Leahy told the Daily News, "Morale in Langley (CIA headquarters in Virginia) has gone straight down after a time when it was finally getting built back up. Out of a sense of duty to the country, I think President Reagan should tell Casey, 'You have to leave.'"

The President insisted that he had heard nothing to change his mind about Casey, but it seemed that all that was stopping Casey's departure was the President's reluctance to publicly embarrass the man who helped run his presidential campaign last year.